

**REPORT OF THE AUDIT OF THE  
MEADE COUNTY  
FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2010**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE MEADE COUNTY FISCAL COURT**

**June 30, 2010**

The Auditor of Public Accounts has completed the audit of the Meade County Fiscal Court for the fiscal year ended June 30, 2010. We have issued unqualified opinions on the governmental activities, business-type activities, and each major fund of Meade County, Kentucky.

#### **Financial Condition:**

The fiscal court had total net assets of \$15,982,966 as of June 30, 2010. The fiscal court had unrestricted net assets of \$6,658,002 in its governmental activities as of June 30, 2010, with total net assets of \$15,104,276. In its business-type activities, total net cash and cash equivalents were \$383,969 with total net assets of \$878,690. The fiscal court had total debt principal in its governmental activities and business-type activities as of June 30, 2010 of \$9,229,300, with \$737,000 due within the next year.

#### **Deposits:**

As of June 30, 2010, all of the fiscal court's deposits were insured and collateralized by bank securities.



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**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky  
Honorable Steven L. Beshear, Governor  
Jonathan Miller, Secretary  
Finance and Administration Cabinet  
Honorable Harry S. Craycroft, Former Meade County Judge/Executive  
Honorable Gerry Lynn, Meade County Judge/Executive  
Members of the Meade County Fiscal Court

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Meade County, Kentucky, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Meade County Fiscal Court. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, Meade County, Kentucky, prepares its financial statements in accordance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of Meade County, Kentucky, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



To the People of Kentucky

Honorable Steven L. Beshear, Governor

Jonathan Miller, Secretary

Finance and Administration Cabinet

Honorable Harry S. Craycroft, Former Meade County Judge/Executive

Honorable Gerry Lynn, Meade County Judge/Executive

Members of the Meade County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated March 9, 2011 on our consideration of Meade County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

March 9, 2011



MEADE COUNTY OFFICIALS

For The Year Ended June 30, 2010

**Fiscal Court Members:**

Harry S. Craycroft	County Judge/Executive
Thomas J. Goddard	Magistrate
Herbert Chism II	Magistrate
Mark D. Hubbard	Magistrate
Anthony Staples	Magistrate
Steve Wardrip	Magistrate
Randall Hardesty	Magistrate

**Other Elected Officials:**

Margaret L. Matney	County Attorney
Troy Seelye	Jailer
Katrina Fitzgerald	County Clerk
Evelyn D. Medley	Circuit Court Clerk
William Kerrick	Sheriff
Mark Straney	Property Valuation Administrator
Bill Adams	Coroner

**Appointed Personnel:**

Shirley Fackler	County Treasurer
Mandy Sturgeon	Payroll Officer
Mary Coghill	Finance Officer

**MEADE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010**

The financial management of Meade County, Kentucky offers readers of Meade County's financial statements this narrative overview and analysis of the financial activities of Meade County for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with other information that we have furnished in our letter of transmission and the notes to the financial statements.

**Financial Highlights**

- Meade County had total net assets of \$15,982,966 as of June 30, 2010. The fiscal court had unrestricted net assets of \$6,658,002 in its governmental activities as of June 30, 2010. In its business-type activities, cash and cash equivalents were \$383,969 and net assets totaled \$878,690. Total debt principal in its governmental activities as of June 30, 2010 was \$9,145,000, with \$697,000 due within in one year.
- The government's total net assets increased by \$708,560 from the prior year.
- At the close of the current fiscal year, Meade County balance sheet reported a fund balance of \$7,118,002. Of this amount, \$7,080,524 is available for spending at the government's discretion (unreserved fund balance).
- Meade County's total indebtedness in its governmental activities at the close of fiscal year June 30, 2010 was \$9,145,000 of which \$8,448,000 is long-term debt (due after 1 year) and \$697,000 is short-term debt (to be paid within 1 year).
- Meade County Fiscal Court purchased two generators in the amount of \$15,331.00 with County Funds. One generator was placed at the Road Department and the other at EMS Station One. Numerous disasters since 2008 have shown the need for emergency power at these points of critical infrastructure for Meade County's continuity of government and providing essential emergency services.
- Meade County Fiscal Court received a grant from the Kentucky Board of Emergency Medical Services in the amount of \$10,084. Meade County Fiscal Court in turn purchased a 2009 E-350 ambulance for \$101,755.
- Meade County Fiscal Court obligated \$4,500.00 in its 2009-2010 Budget for the heating and cooling of the Meade County Senior Citizen Building.
- Meade County Fiscal Court spent \$17,986.76 toward Pictometry, licensed images/software and training. These Pictometry images have been made available as a resource to assist 911 Dispatchers, and other Emergency Responders, to more accurately identify the location where 911 calls are originating from.
- Meade County Fiscal Court received \$8,878.00 from Homeland Security for the purchase of body armor, 3 printers, usb cables and adaptors to be installed in the Meade County Sheriff's vehicles.
- Meade County refinanced the 1999 Bond Series for the Meade County Detention Center and saved Meade County an estimated \$241,000.00 in interest.

**Meade County  
Management's Discussion and Analysis  
June 30, 2010  
(Continued)**

**Financial Highlights (Continued)**

- Meade County Solid Waste and Recycle received a Dump Grant for \$33,581.76, a Recycle Grant for \$21,124.00 and Liter Abatement Grant in the amount of \$44,275.27.
- Meade County Fiscal Court received \$860,923.00 in County Road Aid Monies from the state. Meade County has a total of 303.179 miles of road to maintain.

**Overview of the Financial Statements**

This management discussion and analysis is intended to serve as an introduction to Meade County's basic financial statements. Meade County's basic financial statements are comprised of three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. GASB 34 requires management to include certain comparison schedules when they are available. These schedules include prior and current comparisons of general revenues by major source, and program expense by function.

**Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of Meade County's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information of all of Meade County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Meade County is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net assets changed during the fiscal year. All changes in net assets are reported on a modified cash basis of accounting. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and related assets and liabilities.

Under the county's modified cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when they result from a cash transaction, except for the recording of depreciation expenses on capital assets in the government-wide financial statements for all activities and in the fund financial statements for the proprietary fund activities.

**Government-wide Financial Statements**

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as amounts billed for services provided, but not collected) and accounts payable (expenses for goods and services received but not paid) or compensated absences are not recorded.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Meade County's governmental activities include general governmental, protection to persons and property, roads, recreation, and social services. The County has two business-type activities – the operation of a jail canteen and solid waste and recycling facility.

**Meade County  
Management's Discussion and Analysis  
June 30, 2010  
(Continued)**

**Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Meade County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with legal and statutory requirements. All of the funds of Meade County can be divided into two broad categories: *governmental funds* and *proprietary funds*.

**Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's current financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's current financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Meade County maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the government fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Road Fund, Jail Fund, Local Government Economic Assistance Fund and the Jail Bond Proceeds Fund all of which are considered major funds by the County.

Meade County adopts an annual appropriated budget for its major governmental funds. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with their budgets.

**Proprietary Funds**

Proprietary funds provide the same type of information as the business-type activities column on the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Jail Canteen Fund and Solid Waste and Recycling Fund.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Government-wide Financial Analysis**

**Net Assets**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position.

**Meade County**  
**Management's Discussion and Analysis**  
**June 30, 2010**  
**(Continued)**

**Government-wide Financial Analysis (Continued)**

**Change in Net Assets**

*Governmental and Business-Type Activities*

**Statement of Net Assets**

	<b><u>Governmental Activities</u></b>		<b><u>Business Activities</u></b>		<b><u>Total</u></b>	
	<b><u>FY 09</u></b>	<b><u>FY 10</u></b>	<b><u>FY 09</u></b>	<b><u>FY 10</u></b>	<b><u>FY 09</u></b>	<b><u>FY 10</u></b>
Current Assets	\$ 7,541,550	\$ 7,195,002	\$ 302,239	\$ 383,969	\$ 7,843,789	\$ 7,578,971
Non-Current Assets	17,466,931	17,054,274	616,986	579,021	18,083,917	17,633,295
Total Assets	25,008,481	24,249,276	919,225	962,990	25,927,706	25,212,266
Current Liabilities	714,000	697,000	25,000	40,000	739,000	737,000
Long-Term Liabilities	9,815,000	8,448,000	99,300	44,300	9,914,300	8,492,300
Total Liabilities	10,529,000	9,145,000	124,300	84,300	10,653,300	9,229,300
Net Assets:						
Invested in capital assets, net of related debt	7,011,931	7,986,274	492,686	494,721	7,504,617	8,480,995
Restricted	534,000	460,000			534,000	460,000
Unrestricted	6,933,550	6,658,002	302,239	383,969	7,235,789	7,041,971
Total Net Assets	\$ 14,479,481	\$ 15,104,276	\$ 794,925	\$ 878,690	\$ 15,274,406	\$ 15,982,966

Meade County's net assets increased by \$708,560 in fiscal year 2010.

Key elements of this are as follows:

- Current assets and cash decreased by \$264,818.
- Investments in capital assets, net of related debt increased \$976,378.
- Total liabilities decreased by \$1,424,000.
- Program Revenues were \$4,474,347 for the Governmental Activities; Business-type Activities \$690,795. General Revenues were \$4,841,178 for Governmental Activities.
- Expenditures totaled \$8,663,943 for the Governmental Activities and Business-type Activities \$598,817 as reflected in the Statement of Activities.

**Meade County  
Management's Discussion and Analysis  
June 30, 2010  
(Continued)**

**Changes in Net Assets (Continued)**

**Statement of Activities**

	<b><u>Governmental Activities</u></b>		<b><u>Business Activities</u></b>		<b><u>Total</u></b>	
<b>Revenues:</b>	<b><u>FY 09</u></b>	<b><u>FY 10</u></b>	<b><u>FY 09</u></b>	<b><u>FY 10</u></b>	<b><u>FY 09</u></b>	<b><u>FY 10</u></b>
<b><u>Program Revenues:</u></b>						
Charges for Services	\$ 2,006,065	\$ 2,025,663	\$	\$	\$ 2,006,065	\$ 2,025,663
Operating Grants and Contributions	2,912,468	2,448,684			2,912,468	2,448,684
Capital Grants and Contributions					-	-
<b><u>General Revenue:</u></b>						
Real Property Taxes	1,957,187	2,048,216			1,957,187	2,048,216
Personal Property Taxes	183,429	176,624			183,429	176,624
Motor Vehicle Taxes	337,020	513,073			337,020	513,073
Other Taxes	1,428,361	1,442,392			1,428,361	1,442,392
Excess Fees	199,922	168,336			199,922	168,336
Unrestricted Investment Earnings	206,614	164,553			206,614	164,553
Miscellaneous Revenues	673,805	262,984			673,805	262,984
Transfer of Debt Service	160,000	65,000	(160,000)	(65,000)	-	-
Transfer of Capital Assets	(95,946)		95,946		-	-
Gain On Sale Of Assets					-	-
Solid Waste And Recycling Fund			562,696	494,338	562,696	494,338
Jail Canteen Fund			145,624	196,457	145,624	196,457
<b>Total Revenues</b>	<b>9,968,925</b>	<b>9,315,525</b>	<b>644,266</b>	<b>625,795</b>	<b>10,613,191</b>	<b>9,941,320</b>
<b>Expenses</b>						
General Government	3,710,961	2,840,352			3,710,961	2,840,352
Protection to Persons and Property	3,048,602	3,008,553			3,048,602	3,008,553
General Health and Sanitation	631,180	708,650			631,180	708,650
Social Services	13,109	11,342			13,109	11,342
Recreation and Culture	436,982	258,486			436,982	258,486
Roads	1,159,601	1,421,222			1,159,601	1,421,222
Transportation Facilities and Service:	8,115	9,735			8,115	9,735
Debt Service	559,229	375,603			559,229	375,603
Capital Projects					-	-
Solid Waste And Recycling Fund			512,152	397,996	512,152	397,996
Jail Canteen Fund			143,039	200,821	143,039	200,821
<b>Total Expenses</b>	<b>9,567,779</b>	<b>8,633,943</b>	<b>655,191</b>	<b>598,817</b>	<b>10,222,970</b>	<b>9,232,760</b>
<b>Change in Net Assets</b>	<b>401,146</b>	<b>681,582</b>	<b>(10,925)</b>	<b>26,978</b>	<b>390,221</b>	<b>708,560</b>
<b>Net Assets - Beginning</b>	<b>14,135,686</b>	<b>14,479,481</b>	<b>742,124</b>	<b>794,925</b>	<b>14,877,810</b>	<b>15,274,406</b>
<b>Prior Period Adjustment</b>	<b>(57,351)</b>	<b>(56,787)</b>	<b>63,726</b>	<b>56,787</b>	<b>6,375</b>	
<b>Net Assets - Ending</b>	<b>\$ 14,479,481</b>	<b>\$ 15,104,276</b>	<b>\$ 794,925</b>	<b>\$ 878,690</b>	<b>\$ 15,274,406</b>	<b>\$ 15,982,966</b>

**Meade County  
Management's Discussion and Analysis  
June 30, 2010  
(Continued)**

**Financial Analysis of the County's Funds**

As noted earlier, Meade County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental Funds Overview*

The focus on Meade County governmental funds is to provide information on current inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved funds balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of June 30, 2010 fiscal year, the combined ending fund balance of County governmental funds was \$7,118,002. Approximately 99% (\$7,080,524) of this consists of unreserved fund balance, which is available as working capital and for current spending in accordance with the purpose of the specific funds. The remainder of fund balance (\$37,478) is reserved to indicate that it is not available for new spending because it is committed.

The County has 5 major governmental funds. These are 1) General Fund; 2) Road Fund; 3) Jail Fund; 4) Local Government Economic Assistance Fund; 5) Jail Bond Proceeds Fund.

1. The General Fund is the chief operating fund of Meade County. At the end of June 30, 2010 fiscal year, unreserved fund balance was \$5,424,243. The County received \$4,180,306 from tax revenues. This accounts for approximately 65% of the General Fund revenue.
2. The Road Fund is the fund related to county road and bridge construction and maintenance. The Road Fund had \$952,132 in fund balance at June 30, 2010. The fund balance at the end of the previous year was \$951,039. The fiscal year 2010 expenditures for road projects totaled \$1,348,497.
3. The Jail Fund is used to account for the operation of the County's detention program. The Jail Fund had a fund balance at June 30, 2010 of \$162,114. That is a decrease in fund balance of \$56,243 over the previous fiscal year end. The Jail Fund received \$1,040,587 from intergovernmental sources.
4. The Local Government Economic Assistance Fund had a fund balance of \$554,115 at June 30, 2010. This is a decrease of \$214,865 over the previous fiscal year end.
5. The Jail Bond Proceeds Fund is used for payment of principal and interest to bond holders and had a fund balance of \$25,398 as of June 30, 2010.

**Meade County  
Management's Discussion and Analysis  
June 30, 2010  
(Continued)**

**Financial Analysis of the County's Funds (Continued)**

*Proprietary Funds Overview*

The County's proprietary fund statements provide the same type of information found in the business-type activities column of the government-wide statements, but in more detail.

Meade County has two enterprise funds, the Jail Canteen Fund and the Solid Waste and Recycling Fund. The Jail Canteen Fund had net assets and a cash balance of \$22,685 as of June 30, 2010. The Solid Waste and Recycling Fund had net assets of \$856,005 and a cash balance of \$361,284 as of June 30, 2010.

**General Fund Budgetary Highlights**

Actual operating revenues for the General Fund were \$800,663 more than originally budgeted by Fiscal Court.

Actual operating expenditures for the General Fund were \$1,543,224 less than originally budgeted by Fiscal Court.

**Capital Assets and Debt Administration**

*Capital Assets*

Meade County's investment in capital assets for its government activities and business type activities as of June 30, 2010, amounts to \$17,250,295 (net of accumulated depreciation). This investment in capital assets includes, land, buildings, improvements to land and buildings, equipment, vehicles, and infrastructure assets .

Additional information on the County's capital assets can be found in Note 4 of this report.

*Long-Term Debt*

At the end of the 2010 fiscal year, Meade County had total long-term debt outstanding for its governmental activities and business type activities of \$9,229,300. The amount of this debt due within the next year is \$737,000 and \$8,492,300 is due in subsequent years. This debt is described in Note 5 of the notes to the financial statements.

**Requests for Information**

This financial report is designed to provide a general overview of Meade County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this requests for additional financial information should be addressed to:

**Meade County Treasurer  
Shirley Fackler  
516 Hillcrest Drive  
Brandenburg, KY 40108**



**MEADE COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2010**



**MEADE COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2010**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 7,118,002	\$ 383,969	\$ 7,501,971
Notes Receivable	77,000		77,000
Total Current Assets	7,195,002	383,969	7,578,971
Noncurrent Assets:			
Notes Receivable	383,000		383,000
Capital Assets - Net of Accumulated Depreciation			
Land and Land Improvements	6,100,551	15,000	6,115,551
Buildings	6,844,978	96,741	6,941,719
Building/Land Improvements	548,870	29,142	578,012
Machinery and Equipment	1,129,341	246,767	1,376,108
Vehicles	731,196	191,371	922,567
Infrastructure	1,316,338		1,316,338
Total Noncurrent Assets	17,054,274	579,021	17,633,295
Total Assets	24,249,276	962,990	25,212,266
<b>LIABILITIES</b>			
Current Liabilities:			
General Obligation Bonds Payable	280,000		280,000
Revenue Bonds Payable	110,000		110,000
Financing Obligations Payable	307,000	40,000	347,000
Total Current Liabilities	697,000	40,000	737,000
Noncurrent Liabilities:			
General Obligation Bonds Payable	2,540,000		2,540,000
Revenue Bonds Payable	530,000		530,000
Financing Obligations Payable	5,378,000	44,300	5,422,300
Total Noncurrent Liabilities	8,448,000	44,300	8,492,300
Total Liabilities	9,145,000	84,300	9,229,300
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	7,986,274	494,721	8,480,995
Restricted For:			
Debt Service	460,000		460,000
Unrestricted	6,658,002	383,969	7,041,971
Total Net Assets	\$ 15,104,276	\$ 878,690	\$ 15,982,966

The accompanying notes are an integral part of the financial statements.

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**MEADE COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2010**

**MEADE COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2010**

Functions/Programs Reporting Entity	Expenses	Program Revenues Received		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 2,840,352	\$ 136,125	\$ 482,787	\$
Protection to Persons and Property	3,008,553	1,815,084	481,315	
General Health and Sanitation	708,650			
Social Services	11,342			
Recreation and Culture	258,486	41,456		
Roads	1,421,222	32,998	1,484,582	
Transportation Facilities and Services	9,735			
Debt Service	375,603			
Total Governmental Activities	8,633,943	2,025,663	2,448,684	
Business-type Activities:				
Solid Waste And Recycling	397,996	452,737	37,082	
Jail Canteen	200,821	196,457		
Total Business-type Activities	598,817	649,194	37,082	
Total Primary Government	\$ 9,232,760	\$ 2,674,857	\$ 2,485,766	\$ 0

**General Revenues:**

Taxes:

    Real Property Taxes

    Personal Property Taxes

    Motor Vehicle Taxes

    Other Taxes

Excess Fees

Unrestricted Investment Earnings

Miscellaneous Revenues

Transfer of Debt Service

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning (Restated)

Net Assets - Ending

The accompanying notes are an integral part of the financial statements.

**MEADE COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2010**  
**(Continued)**

<b>Net (Expenses) Revenues and Changes in Net Assets</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
\$ (2,221,440)	\$	\$ (2,221,440)
(712,154)		(712,154)
(708,650)		(708,650)
(11,342)		(11,342)
(217,030)		(217,030)
96,358		96,358
(9,735)		(9,735)
(375,603)		(375,603)
(4,159,596)		(4,159,596)
	91,823	91,823
	(4,364)	(4,364)
	87,459	87,459
\$ (4,159,596)	\$ 87,459	\$ (4,072,137)
2,048,216		2,048,216
176,624		176,624
513,073		513,073
1,442,392		1,442,392
168,336		168,336
164,553	4,519	169,072
262,984		262,984
65,000	(65,000)	
4,841,178	(60,481)	4,780,697
681,582	26,978	708,560
14,422,694	851,712	15,274,406
\$ 15,104,276	\$ 878,690	\$ 15,982,966

The accompanying notes are an integral part of the financial statements.

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**MEADE COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2010**

**MEADE COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2010**

	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>LGEA Fund</b>	<b>Jail Bond Proceeds Fund</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$5,424,243	\$ 952,132	\$ 162,114	\$ 554,115	\$ 25,398
Total Assets	<u>5,424,243</u>	<u>952,132</u>	<u>162,114</u>	<u>554,115</u>	<u>25,398</u>
<b>FUND BALANCES</b>					
Reserved for:					
Encumbrances	12,080				
Debt Service					25,398
Unreserved:					
General Fund	5,412,163				
Special Revenue Funds		952,132	162,114	554,115	
Total Fund Balances	<u>\$ 5,424,243</u>	<u>\$ 952,132</u>	<u>\$ 162,114</u>	<u>\$ 554,115</u>	<u>\$ 25,398</u>

The accompanying notes are an integral part of the financial statements.

MEADE COUNTY  
 BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS  
 June 30, 2010  
 (Continued)

**Total  
 Governmental  
 Funds**

\$ 7,118,002

7,118,002

12,080

25,398

5,412,163

1,668,361

\$ 7,118,002

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets:**

Total Fund Balances	\$ 7,118,002
Amounts reported for governmental activities in the statement of net assets are different because:	
Notes receivable not due and collected in the current period and, therefore, are not reported in the funds.	460,000
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	22,510,281
Accumulated Depreciation	(5,839,007)
Long-term debt is not due and payable in the current period and, therefore, is not reported in the funds.	
General Obligation Bonds	(2,820,000)
Revenue Bonds	(640,000)
Financing Obligations	<u>(5,685,000)</u>
Net Assets Of Governmental Activities	<u>\$ 15,104,276</u>

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**MEADE COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2010**

**MEADE COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2010**

	<u><b>General Fund</b></u>	<u><b>Road Fund</b></u>	<u><b>Jail Fund</b></u>	<u><b>LGEA Fund</b></u>
<b>REVENUES</b>				
Taxes	\$ 4,180,306	\$	\$	\$
Excess Fees	168,336			
Licenses and Permits	136,122			
Intergovernmental	722,807	1,282,005	1,040,587	337,917
Charges for Services	844,338	32,998	79,175	
Miscellaneous	291,083	6,713	37,583	
Interest	128,202	14,209	842	13,719
Total Revenues	<u>6,471,195</u>	<u>1,335,925</u>	<u>1,158,187</u>	<u>351,637</u>
<b>EXPENDITURES</b>				
General Government	1,166,182		3,140	
Protection to Persons and Property	1,256,112	7,521	1,178,065	476,581
General Health and Sanitation	656,135		22,348	
Social Services	11,342			
Recreation and Culture	213,509			
Roads		1,348,497		
Transportation Facilities and Services		9,735		
Debt Service	757,301	3,500		
Administration	1,222,143	165,579	290,877	89,921
Total Expenditures	<u>5,282,724</u>	<u>1,534,832</u>	<u>1,494,430</u>	<u>566,502</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>1,188,471</u>	<u>(198,907)</u>	<u>(336,243)</u>	<u>(214,865)</u>
<b>Other Financing Sources (Uses)</b>				
General Obligation Refunding Bonds				
Payment to Refund Bonds-Escrow Agent				
Bond Discount				
Transfers From Other Funds		200,000	280,000	
Transfers To Other Funds	(795,584)			
Total Other Financing Sources (Uses)	<u>(795,584)</u>	<u>200,000</u>	<u>280,000</u>	
Net Change in Fund Balances	392,887	1,093	(56,243)	(214,865)
Fund Balances - Beginning	5,031,356	951,039	218,357	768,980
Fund Balances - Ending	<u>\$ 5,424,243</u>	<u>\$ 952,132</u>	<u>\$ 162,114</u>	<u>\$ 554,115</u>

The accompanying notes are an integral part of the financial statements.

MEADE COUNTY  
 STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS  
 For The Year Ended June 30, 2010  
 (Continued)

<b>Jail Bond Proceeds Fund</b>	<b>Total Governmental Funds</b>
\$	\$ 4,180,306
	168,336
	136,122
	3,383,316
	956,511
	335,379
7,581	164,554
7,581	9,324,525
	1,169,322
	2,918,279
	678,483
	11,342
	213,509
	1,348,497
	9,735
817,938	1,578,739
	1,768,520
817,938	9,696,426
(810,357)	(371,901)
3,090,000	
(3,036,479)	
(31,168)	
315,584	795,584
	(795,584)
337,937	22,353
(472,420)	(349,548)
497,818	7,467,550
\$ 25,398	\$ 7,118,002

The accompanying notes are an integral part of the financial statements.

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**MEADE COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2010**



**MEADE COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2010**

Net Change in Fund Balances - Total Governmental Funds \$ (349,548)

Amounts reported for governmental activities in the Statement of Activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in the  
statement of activities the cost of those assets are allocated over their  
estimated useful lives and reported as depreciation expense.

Capital outlay	546,020
Depreciation expense	(802,014)
Book Value of Capital Assets Disposed	(22,876)

Change in notes receivable as a result of payment on debt by the Meade County Water District	(74,000)
---	----------

Financing obligations and bond principal payments are expensed in the  
Governmental Funds as a use of current financial resources. However,  
these amounts decrease non-current liabilities on the statement of  
net assets and have been eliminated on the statement of activities.

General Obligation Bond Proceeds	(3,090,000)
Financing Obligation Principal Payments	369,000
Revenue Bond Principal Payments	105,000
General Obligation Bond Escrow Agent Advanced Refunding Payments	3,730,000
General Obligation Principal Payments	270,000

Change in Net Assets of Governmental Activities	\$ 681,582
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**MEADE COUNTY**  
**STATEMENT OF FUND NET ASSETS - PROPRIETARY FUNDS - MODIFIED CASH BASIS**

**June 30, 2010**



**MEADE COUNTY**  
**STATEMENT OF FUND NET ASSETS - PROPRIETARY FUNDS - MODIFIED CASH BASIS**

**June 30, 2010**

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Jail Canteen Fund</b>	<b>Solid Waste And Recycling Fund</b>	<b>Totals</b>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 22,685	\$ 361,284	\$ 383,969
Total Current Assets	<u>22,685</u>	<u>361,284</u>	<u>383,969</u>
Noncurrent Assets:			
Capital Assets - Net of Accumulated Depreciation			
Land and Land Improvements		15,000	15,000
Buildings		96,741	96,741
Land and Building Improvements		29,142	29,142
Machinery and Equipment		246,767	246,767
Vehicles		191,371	191,371
Total Noncurrent Assets		<u>579,021</u>	<u>579,021</u>
Total Assets	<u>22,685</u>	<u>940,305</u>	<u>962,990</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Financing Obligations Payable		40,000	40,000
Total Current Liabilities		<u>40,000</u>	<u>40,000</u>
Noncurrent Liabilities:			
Financing Obligations Payable		44,300	44,300
Total Noncurrent Liabilities		<u>44,300</u>	<u>44,300</u>
Total Liabilities		<u>84,300</u>	<u>84,300</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt		494,721	494,721
Unrestricted	22,685	361,284	383,969
Total Net Assets	<u>\$ 22,685</u>	<u>\$ 856,005</u>	<u>\$ 878,690</u>

The accompanying notes are an integral part of the financial statements.

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**MEADE COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -**  
**PROPRIETARY FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2010**



**MEADE COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -**  
**PROPRIETARY FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2010**

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Jail Canteen Fund</b>	<b>Solid Waste And Recycling Fund</b>	<b>Totals</b>
<b>Operating Revenues</b>			
Recycle Income	\$	\$ 235,668	\$ 235,668
Canteen Revenues	196,457		196,457
Franchise Fee Income		142,352	142,352
Sanitation Garage Rental		24,000	24,000
Grant Income		37,082	37,082
Litter Abatement		44,275	44,275
Miscellaneous Income		6,440	6,440
Total Operating Revenues	196,457	489,817	686,274
<b>Operating Expenses</b>			
Recycle Grant and Litter Abatement		71,524	71,524
Cost of Goods Sold and Other Expenses	200,821	61,609	262,430
Depreciation Expense		94,752	94,752
Recycle Maintenance and Fuel		107,831	107,831
Low Income Garbage Expense		14,199	14,199
Office Materials and Supplies		16,661	16,661
Utilities		21,767	21,767
Vehicle Leasing		3,912	3,912
Miscellaneous		1,384	1,384
Total Operating Expenses	200,821	393,639	594,460
Operating Income (Loss)	(4,364)	96,178	91,814
<b>Non-operating Revenues ( Expenses)</b>			
Interest Income		4,519	4,519
Interest Expense		(4,355)	(4,355)
Total Non-operating Revenues (Expenses)		164	164
<b>Capital and Financing Activities</b>			
Transfer of Debt Service		(65,000)	(65,000)
Total Capital and Financing Activities		(65,000)	(65,000)
Change In Net Assets	(4,364)	31,342	26,978
Total Net Assets - Beginning (Restated)	27,049	824,663	851,712
Total Net Assets - Ending	\$ 22,685	\$ 856,005	\$ 878,690

The accompanying notes are an integral part of the financial statements.

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**MEADE COUNTY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2010**



**MEADE COUNTY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2010**

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Jail Canteen Fund</b>	<b>Solid Waste And Recycling Fund</b>	<b>Totals</b>
<b>Cash Flows From Operating Activities</b>			
Cash received from customers	\$ 196,457	\$ 489,817	\$ 686,274
Cash payments to suppliers for goods and services		(237,278)	(237,278)
Cost of goods sold and other expenses	(200,821)	(61,609)	(262,430)
Net Cash Used By Operating Activities	(4,364)	190,930	186,566
<b>Cash Flows From Capital and Related Related Financing Activities</b>			
Principal Paid on Capital Debt		(40,000)	(40,000)
Transfer of Debt Service		(65,000)	(65,000)
Interest Paid on Capital Debt		(4,355)	(4,355)
Net Cash Provided By Capital and Related Financing Activities		(109,355)	(109,355)
<b>Cash Flows From Investing Activities</b>			
Interest Earned		4,519	4,519
Net Cash Provided By Investing Activities		4,519	4,519
Net Increase (Decrease) in Cash and Cash Equivalents	(4,364)	86,094	81,730
Cash and Cash Equivalents - July 1, 2009	27,049	275,190	302,239
Cash and Cash Equivalents - June 30, 2010	\$ 22,685	\$ 361,284	\$ 383,969
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>			
Operating Income (Loss)	\$ (4,364)	\$ 96,178	\$ 91,814
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation expense		94,752	94,752
Net Cash Provided (Used) By Operating Activities	\$ (4,364)	\$ 190,930	\$ 186,566

The accompanying notes are an integral part of the financial statements.

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENTS**

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**MEADE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2010**

**Note 1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The county presents its financial statements in accordance with a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Notes receivable are recognized on the Statement of Net Assets, but notes receivable are not included and recognized on Balance Sheet - Governmental Funds. Property tax receivables, accounts payable, compensated absences, and donated assets are not reflected in the financial statements.

Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance (Reserved for Encumbrances).

The State Local Finance Officer does not require the county to report capital assets and infrastructure; however the value of these assets is included in the Statement of Net Assets and the corresponding depreciation expense is included on the Statement of Activities.

**B. Reporting Entity**

The financial statements of Meade County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14 and GASB 39, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Consequently, the reporting entity includes organizations that are legally separate from the primary government. Legally separate organizations are reported as component units if either the county is financially accountable or the organization's exclusion would cause the county's financial statements to be misleading or incomplete. Component units may be blended or discretely presented. Blended component units either provide their services exclusively or almost entirely to the primary government, or their governing bodies are substantively the same as the primary government. All other component units are discretely presented.

Discretely Presented Component Unit

The Meade County Riverport Authority was created to bring businesses to Meade County along the Ohio River. The Authority had no assets or activity of its own in fiscal year 2010.

**C. Meade County Elected Officials**

The Kentucky constitution provides for election of the officials below from the geographic area constituting Meade County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statements of Meade County, Kentucky.

**MEADE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Meade County Elected Officials (Continued)**

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

**D. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its non-fiduciary component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support. Business-type revenues come mostly from fees charged to external parties for goods or services.

The government-wide statements are reported using the economic resources measurement focus and the modified cash basis of accounting, as do the proprietary and fiduciary fund financial statements. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. Property tax receivables, accounts payable, compensated absences, and donated assets are not reflected in the financial statements.

The statement of net assets presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net assets. Net assets are reported in three categories: 1) invested in capital assets, net of related debt - consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of those assets; 2) restricted net assets - resulting from constraints placed on net assets by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation; and 3) unrestricted net assets - those assets that do not meet the definition of restricted net assets or invested in capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; 2) operating grants and contributions; and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources such as taxes and unrestricted state funds are reported as general revenues.

**MEADE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental or proprietary) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The fiscal court may also designate any fund as major.

Generally, and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessments, and subject to lien and sale the 3<sup>rd</sup> Saturday in April following the delinquency date.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the financial statements.

**Governmental Funds**

All governmental fund statements are reported using the current financial resources measurement focus and the modified cash basis of accounting. The modified cash basis recognizes revenues when received and expenditures when paid. Property tax receivables, accounts payable, compensated absences, accounts receivable, and deferred revenues are not reflected in the financial statements.

The primary government reports the following major governmental funds:

**General Fund** - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

**Road Fund** - This fund is for road and bridge construction and repair. The primary source of revenue for this fund is state payments for truck license distribution, municipal road aid, and transportation grants. The Department for Local Government requires the fiscal court to maintain these receipts and expenditures separately from the General Fund.

**Jail Fund** - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of revenue for this fund are reimbursements from the state and federal government, payments from other counties for housing prisoners, and transfers from the General Fund. The Department for Local Government requires the fiscal court to maintain these receipts and expenditures separately from the General Fund.

**LGEA Fund** - The purpose of this fund is to account for funds received from the state for mineral severance taxes and E-911 service collections. The fund is used primarily for public safety.

**Jail Bond Proceeds Fund** - The purpose of this fund is to account for debt service requirements of general obligation bonds of the fiscal court.

**MEADE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

**Special Revenue Funds:**

The Road Fund, Jail Fund, and Local Government Economic Assistance Fund are presented as special revenue funds. Special revenue funds are to account for the proceeds of specific revenue sources and expenditures that are legally restricted for specific purposes.

**Debt Service Fund:**

The Jail Bond Proceeds Fund is presented as a debt service fund. Debt service funds are to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

**Proprietary Funds**

All proprietary funds are reported using the economic resources measurement focus and the modified cash basis of accounting. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of the county's enterprise funds are charges to customers for sales in the Jail Canteen and Solid Waste and Recycling Funds. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

The primary government reports the following major proprietary funds:

**Jail Canteen Fund** - The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen Fund.

**Solid Waste and Recycling Fund** - This department was created and exists pursuant to the provisions of Kentucky Revised Statutes 109 and by the Fiscal Court. The Department was created with the mission to provide garbage collection of solid waste and to provide recycling service in Meade County. The Fiscal Court appoints a majority of the Department's board and the Department was deemed a component unit of Meade County Fiscal Court. In January 2007, the Meade County Fiscal Court dissolved the 109 Board as the governing body for the Department and empowered the Fiscal Court to be the new governing body.

**MEADE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**E. Deposits and Investments**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

**F. Capital Assets**

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported in the applicable governmental or business-type activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and Construction In Progress are not depreciated. Interest incurred during construction is not capitalized. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 5,000	10-60
Buildings and Building Improvements	\$ 5,000	3-75
Machinery and Equipment	\$ 5,000	3-25
Vehicles	\$ 5,000	3-25
Infrastructure	\$ 5,000	10-50

**G. Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of bonds, notes and financing obligations are reported.

In the fund financial statements, governmental fund types recognize bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest is reported as expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, is reported as expenditures. Debt proceeds are reported as other financing sources.

**MEADE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**H. Fund Equity**

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into reserved and unreserved components, with unreserved considered available for new spending. Unreserved fund balances may be divided into designated and undesignated portions. Designations represent fiscal court's intended use of the resources and should reflect actual plans approved by the fiscal court.

Governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose, long-term receivables, and encumbrances.

"Reserved for Encumbrances" are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the fiscal court incurs no liability until performance has occurred on the part of the party with whom the fiscal court has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however, encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance.

**I. Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

The State Local Finance Officer does not require the Jail Canteen Fund to be budgeted because the fiscal court does not approve the expenses made from these funds.

**J. Related Organizations and Joint Venture**

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Meade County Fiscal Court: Meade County Tourism Commission, Meade County Water District, Meade County Planning and Zoning, Meade County Fire Department, Meade County Conservation District, and the Meade County Library District.

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based upon these criteria, the following is considered a joint venture of the Meade County Fiscal Court: Meade County Industrial Authority.

**MEADE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 2. Deposits**

The primary government and component unit maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a depository institution's failure, the County's deposits may not be returned. The County does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of June 30, 2010 all deposits were covered by FDIC insurance or a properly executed collateral security agreement. However, as of August 31, 2009, \$36,040 of public funds were exposed to custodial credit risk as follows:

- Uninsured and Unsecured \$36,040

**Note 3. Operating Leases**

The fiscal court entered into a lease agreement for an old state highway garage building and land to be used by various county departments. The lease was paid off in the year ended June 30, 2010. The property was conveyed to Meade Fiscal Court by deed of conveyance.

**MEADE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 4. Capital Assets**

Capital asset activity for the year ended June 30, 2010 was as follows:

	Reporting Entity			
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Primary Government:</b>				
<b><u>Governmental Activities:</u></b>				
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 6,100,551	\$	\$	\$ 6,100,551
Total Capital Assets Not Being Depreciated	6,100,551			6,100,551
Capital Assets, Being Depreciated:				
Buildings	9,551,759			9,551,759
Building/Land Improvements	816,904			816,904
Machinery and Equipment	1,773,585	17,304	(15,000)	1,775,889
Vehicles	1,556,204	193,759	(76,341)	1,673,622
Infrastructure	2,256,599	334,957		2,591,556
Total Capital Assets Being Depreciated	15,955,051	546,020	(91,341)	16,409,730
Less Accumulated Depreciation For:				
Buildings	(2,541,927)	(164,854)		(2,706,781)
Building/Land Improvements	(236,449)	(31,585)		(268,034)
Machinery and Equipment	(566,634)	(93,414)	13,500	(646,548)
Vehicles	(876,043)	(121,348)	54,965	(942,426)
Infrastructure	(884,405)	(390,813)		(1,275,218)
Total Accumulated Depreciation	(5,105,458)	(802,014)	68,465	(5,839,007)
Total Capital Assets, Being Depreciated, Net	10,849,593	(255,994)	(22,876)	10,570,723
Governmental Activities Capital Assets, Net	\$ 16,950,144	\$ (255,994)	\$ (22,876)	\$ 16,671,274



**MEADE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 4. Capital Assets (Continued)**

	Reporting Entity			
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Primary Government:</b>				
<u>Business-Type Activities:</u>				
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 15,000	\$	\$	\$ 15,000
Total Capital Assets Not Being Depreciated	15,000			15,000
Capital Assets, Being Depreciated:				
Buildings	162,300			162,300
Land and Building Improvements	105,666			105,666
Machinery and Equipment	743,230			743,230
Vehicles	819,939			819,939
Total Capital Assets Being Depreciated	1,831,135			1,831,135
Less Accumulated Depreciation For:				
Buildings	(61,173)	(4,386)		(65,559)
Land and Building Improvements	(75,008)	(1,516)		(76,524)
Machinery and Equipment	(424,745)	(71,718)		(496,463)
Vehicles	(611,436)	(17,132)		(628,568)
Total Accumulated Depreciation	(1,172,362)	(94,752)		(1,267,114)
Total Capital Assets, Being Depreciated, Net	658,773	(94,752)		564,021
Business-Type Activities Capital Assets, Net	\$ 673,773	\$ (94,752)	\$ 0	\$ 579,021

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General Government	\$ 51,730
Protection to Persons and Property	235,571
General Health and Sanitation	30,167
Recreation and Culture	44,977
Roads, Including Depreciation of General Infrastructure Assets	<u>439,569</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 802,014</u>

Business-Type Activities (Solid Waste & Recycling)

General Government	\$ 93,236
General Health and Sanitation	<u>1,516</u>
Total Depreciation Expense - Business Activities	<u>\$ 94,752</u>

**MEADE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 5. Long-term Debt**

**A. General Obligation Bonds, Series 1999**

Meade County Fiscal Court issued general obligation bonds of \$5,330,000, series 1999, dated July 1, 1999, to finance the construction of the new detention facility. These bonds were issued at varying interest rates ranging from 3.9% to 4.9%. On December 8, 2009, the Meade County Fiscal Court advance refunded \$3,730,000 (note 5.G) of general obligation bonds.

**B. Health Care Facility Revenue Bonds, Series 1995**

Meade County Fiscal County issued health care facility revenue bonds, series 1995, dated February 1, 1995, to fund the construction of a health care facility to be operated by JH Properties, Inc. JH Properties makes the principal and interest payments in lieu of rent, to the bond trustee. These bonds were issued at an interest rate of 6.49%, and will be retired by October 1, 2014. Interest payments are due on April 1; interest and principal October 1. Principal payment requirements and scheduled interest for the retirement of the bonds are as follows:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2011	\$ 110,000	\$ 37,967
2012	120,000	36,503
2013	130,000	22,391
2014	135,000	13,790
2015	145,000	4,705
Totals	<u>\$ 640,000</u>	<u>\$ 115,356</u>

**C. Water District - Financing Obligations and Notes Receivable**

**1. Waterlines**

On November 8, 1995, the fiscal court on behalf of the Meade County Water District entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$795,000 at 5.15%, for the construction of waterlines. The lease term is for 20 years with the balance to be paid in full on January 20, 2015. The Meade County Water District makes the principal and interest payments to the fiscal court, which in turn pays the trustee. Principal payment requirements and scheduled interest for the remaining term of the agreement are as follows:

**MEADE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 5. Long-term Debt (Continued)**

**C. Water District - Financing Obligations and Notes Receivable (Continued)**

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2011	\$ 52,000	\$ 16,260
2012	54,000	12,997
2013	57,000	9,586
2014	60,000	5,989
2015	62,000	2,233
Totals	<u>\$ 285,000</u>	<u>\$ 47,065</u>

**2. Building**

On December 18, 2001, the fiscal court on behalf of the Meade County Water District entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$350,000 at 4.6%, for the construction of a building. The lease term is for 15 years with the balance to be paid in full on January 20, 2016. The Meade County Water District makes the principal and interest payments to the fiscal court, which in turn pays the trustee. Principal payment requirements and scheduled interest for the remaining term of the agreement are as follows:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2011	\$ 25,000	\$ 8,857
2012	30,000	7,400
2013	30,000	5,785
2014	30,000	4,171
2015-2016	60,000	3,498
Totals	<u>\$ 175,000</u>	<u>\$ 29,711</u>

**MEADE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 5. Long-term Debt (Continued)**

**D. Solid Waste & Recycling Department - Financing Obligations**

On May 30, 2007, the fiscal court on behalf of the Meade County Solid Waste & Recycling Department entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$450,000 at 4.25% for the assumption of debt owed by the Meade County Solid Waste & Recycling Department to Kentucky Infrastructure Authority("KIA") and Kentucky Association of Counties Leasing Trust("KACOLT") as well as for the addition of a building at the Meade County Solid Waste & Recycling Facility. Additional proceeds were used to finance the purchase of dump trucks and to finance the purchase of maintenance equipment for use by Meade County. The Meade County Solid Waste & Recycling Department makes additional principal payments while Meade County Fiscal Court makes the required principal and scheduled interest payments. The lease term was for twelve years but due to additional principal payments made the balance is scheduled to be paid in full on September 20, 2010. Principal payment requirements and scheduled interest for the remaining term of the agreement are as follows:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2011	\$ 10,000	\$ 174
Totals	<u>\$ 10,000</u>	<u>\$ 174</u>

**E. Land - Financing Obligations**

On March 16, 2006, the fiscal court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$6,000,000 at 4.18% for the purchase of land. The lease term is for 20 years with the balance to be paid in full on July 20, 2026. Principal payment requirements and scheduled interest for the remaining term of the agreement are as follows:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2011	\$ 220,000	\$ 252,586
2012	235,000	241,537
2013	245,000	229,818
2014	255,000	217,622
2015	270,000	204,823
2016-2026	<u>3,990,000</u>	<u>1,205,177</u>
Totals	<u>\$ 5,215,000</u>	<u>\$ 2,351,563</u>

**MEADE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 5. Long-term Debt (Continued)**

**F. Solid Waste & Recycling Department – Financing Obligations**

On January 12, 2009, the fiscal court on behalf of the Meade County Solid Waste & Recycling Department entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$124,300 at 3.91%, for the purchase of a Roll-off Truck. The lease term was for 5 years but due to additional principal payments made the balance is scheduled to be paid in full on December 20, 2012. The Meade County Solid Waste & Recycling Department makes the principal and interest payments. Principal payment requirements and scheduled interest for the remaining term of the agreement are as follows:

Fiscal Year Ended June 30	Business-type Activities	
	Principal	Interest
2011	\$ 40,000	\$ 2,672
2012	25,000	1,572
2013	19,300	525
Totals	<u>\$ 84,300</u>	<u>\$ 4,769</u>

**G. General Obligation Bonds, Refunding Series 2009-Detention Facility**

Meade County Fiscal Court issued general obligation bonds of \$3,090,000, series 2009, dated December 8, 2009, to advance refund the Meade County general obligation bonds (Detention Facility), Series 1999, dated July 1, 1999. The 2009 series bonds were issued at varying interest rates ranging from 2.5% to 3.50%, and will be retired by July 1, 2019. Interest payments are due on January 1 and interest and principal due July 1. Principal payment requirements and scheduled interest for the retirement of the bonds are as follows:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2011	\$ 280,000	\$ 79,776
2012	290,000	72,776
2013	300,000	65,526
2014	305,000	58,026
2015	310,000	50,400
2016-2020	1,335,000	111,400
Totals	<u>\$ 2,820,000</u>	<u>\$ 437,904</u>

**MEADE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 5. Long-term Debt (Continued)**

**H. Changes In Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2010, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Primary Government:</b>					
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 3,730,000	\$3,090,000	\$4,000,000	\$ 2,820,000	\$ 280,000
Revenue Bonds	745,000		105,000	640,000	110,000
Financing Obligations	6,054,000		369,000	5,685,000	307,000
Governmental Activities Long-term Liabilities	<u>\$ 10,529,000</u>	<u>\$ 3,090,000</u>	<u>\$4,474,000</u>	<u>\$ 9,145,000</u>	<u>\$ 697,000</u>
<u>Business-type Activities:</u>					
Financing Obligations	124,300		40,000	84,300	40,000
Business-type Activities Long-term Liabilities	<u>\$ 124,300</u>	<u>\$</u>	<u>\$ 40,000</u>	<u>\$ 84,300</u>	<u>\$ 40,000</u>

**Note 6. Interest On Long-term Debt and Financing Obligations**

Debt Service on the Statement of Activities includes \$284,748 in interest on financing obligations and \$90,528 in interest on bonds.

**Note 7. Employee Retirement System**

The fiscal court and component unit have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 16.16 percent.

**MEADE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 7. Employee Retirement System (Continued)**

The county's contribution for FY 2008 was \$438,452, FY 2009 was \$391,375, and FY 2010 was \$476,425.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

**Note 8. Deferred Compensation**

The Meade County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate. These deferred compensation plans permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. That report may be obtained by writing the Kentucky Public Employees' Deferred Compensation Authority, 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502-) 573-7925.

**Note 9. Insurance**

For the fiscal year ended June 30, 2010, Meade County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**MEADE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010**  
**(Continued)**

**Note 10. Prior Period Adjustments**

Prior period adjustments were made to governmental activities and business type activities as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Beginning Balance	\$ 14,479,481	\$ 794,925
Capital Assets previously recorded in error (net of accumulated depreciation)	<u>(56,787)</u>	<u>56,787</u>
Total Restated Beginning Balance	<u><u>\$ 14,422,694</u></u>	<u><u>\$ 851,712</u></u>



**MEADE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2010**



**MEADE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**

**For The Year Ended June 30, 2010**

	<b>GENERAL FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ 3,226,100	\$ 3,226,100	\$ 4,180,306	\$ 954,206
Excess Fees	170,975	170,975	168,336	(2,639)
Licenses and Permits	113,500	113,500	136,122	22,622
Intergovernmental Revenue	978,124	978,124	722,807	(255,317)
Charges for Services	817,700	817,700	844,338	26,638
Miscellaneous	111,190	111,190	141,140	29,950
Interest	103,000	103,000	128,202	25,202
Total Revenues	<u>5,520,589</u>	<u>5,520,589</u>	<u>6,321,252</u>	<u>800,663</u>
<b>EXPENDITURES</b>				
General Government	1,481,437	1,604,921	1,166,182	438,739
Protection to Persons and Property	1,347,530	1,365,030	1,256,112	108,918
General Health and Sanitation	961,384	963,399	656,135	307,264
Social Services	18,040	18,253	11,342	6,911
Recreation and Culture	315,592	316,597	213,509	103,088
Bus Services				
Debt Service	619,130	619,130	607,358	11,772
Administration	1,817,090	1,788,675	1,222,143	566,532
Total Expenditures	<u>6,560,203</u>	<u>6,676,005</u>	<u>5,132,781</u>	<u>1,543,224</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(1,039,614)</u>	<u>(1,155,416)</u>	<u>1,188,471</u>	<u>2,343,887</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers To Other Funds	<u>(1,059,746)</u>	<u>(1,059,746)</u>	<u>(795,584)</u>	<u>264,162</u>
Total Other Financing Sources (Uses)	<u>(1,059,746)</u>	<u>(1,059,746)</u>	<u>(795,584)</u>	<u>264,162</u>
Net Changes in Fund Balance	<u>(2,099,360)</u>	<u>(2,215,162)</u>	<u>392,887</u>	<u>2,608,049</u>
Fund Balance - Beginning	<u>2,099,360</u>	<u>2,215,162</u>	<u>5,031,356</u>	<u>2,816,194</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,424,243</u>	<u>\$ 5,424,243</u>

**MEADE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2010**  
**(Continued)**

	<b>ROAD FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 1,033,733	\$ 1,219,379	\$ 1,282,005	\$ 62,626
Charges for Services	50,000	50,000	32,998	(17,002)
Miscellaneous	6,000	6,000	6,713	713
Interest	15,000	15,000	14,209	(791)
Total Revenues	1,104,733	1,290,379	1,335,925	45,546
<b>EXPENDITURES</b>				
Protection to Persons and Property		7,602	7,521	
Roads	1,479,913	1,735,809	1,348,497	387,312
Transportation Facilities and Services	10,800	10,800	9,735	1,065
Debt Service	3,500	3,500	3,500	
Administration	268,259	190,407	165,579	24,828
Total Expenditures	1,762,472	1,948,118	1,534,832	413,205
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(657,739)	(657,739)	(198,907)	458,751
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds	210,000	210,000	200,000	(10,000)
Total Other Financing Sources (Uses)	210,000	210,000	200,000	(10,000)
Net Changes in Fund Balance	(447,739)	(447,739)	1,093	448,832
Fund Balance - Beginning	447,739	447,739	951,039	503,300
Fund Balance - Ending	\$ 0	\$ 0	\$ 952,132	\$ 952,132

**MEADE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2010**  
**(Continued)**

	<b>JAIL FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 1,147,265	\$ 1,147,265	\$ 1,040,587	\$ (106,678)
Charges for Services	50,000	50,000	79,175	29,175
Miscellaneous	38,000	38,000	37,583	(417)
Interest	1,000	1,000	842	(158)
Total Revenues	<u>1,236,265</u>	<u>1,236,265</u>	<u>1,158,187</u>	<u>(78,078)</u>
<b>EXPENDITURES</b>				
General Government	9,685	9,685	3,140	6,545
Protection to Persons and Property	1,290,597	1,295,725	1,178,065	117,660
General Health and Sanitation	23,000	23,000	22,348	652
Administration	362,000	356,872	290,877	65,995
Total Expenditures	<u>1,685,282</u>	<u>1,685,282</u>	<u>1,494,430</u>	<u>190,852</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(449,017)</u>	<u>(449,017)</u>	<u>(336,243)</u>	<u>112,774</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds	<u>402,389</u>	<u>402,389</u>	<u>280,000</u>	<u>(122,389)</u>
Total Other Financing Sources (Uses)	<u>402,389</u>	<u>402,389</u>	<u>280,000</u>	<u>(122,389)</u>
Net Changes in Fund Balance	(46,628)	(46,628)	(56,243)	(9,615)
Fund Balance - Beginning	<u>46,628</u>	<u>46,628</u>	<u>218,357</u>	<u>171,729</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 162,114</u>	<u>\$ 162,114</u>

**MEADE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2010**  
**(Continued)**

	<b>LGEA FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 866,690	\$ 866,690	\$ 337,917	\$ (528,773)
Interest	40,000	40,000	13,719	(26,281)
Total Revenues	906,690	906,690	351,637	(555,053)
<b>EXPENDITURES</b>				
Protection to Persons and Property	959,400	987,400	476,581	510,819
Administration	171,530	143,530	89,921	53,609
Total Expenditures	1,130,930	1,130,930	566,502	564,428
Excess (Deficiency) of Revenues Over Expenditures	(224,240)	(224,240)	(214,865)	9,375
Net Changes in Fund Balances	(224,240)	(224,240)	(214,865)	9,375
Fund Balances - Beginning	224,240	224,240	768,980	544,740
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 554,115</u>	<u>\$ 554,115</u>

**MEADE COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2010**

**Note 1. Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

**Note 2. Reconciliation of General Fund**

Total Revenues-Budgetary Basis	\$ 6,321,252
JH Properties Payment on Debt	<u>149,943</u>
Total Revenues-Modified Cash Basis	<u><u>\$ 6,471,195</u></u>

Total Expenditures-Budgetary Basis	\$ 5,132,781
JH Properties Payment on Debt	<u>149,943</u>
Total Expenditures-Modified Cash Basis	<u><u>\$ 5,282,724</u></u>

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**





**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Harry S. Craycroft, Former Meade County Judge/Executive  
The Honorable Gerry Lynn, Meade County Judge/Executive  
Members of the Meade County Fiscal Court

**Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Meade County, Kentucky, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 9, 2011. Meade County presents its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Meade County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Meade County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Meade County's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Meade County's financial statements as of and for the year ended June 30, 2010, are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, others within the entity, and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Crit Luallen', with a stylized, flowing script.

Crit Luallen  
Auditor of Public Accounts

March 9, 2011

**CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

**MEADE COUNTY FISCAL COURT**

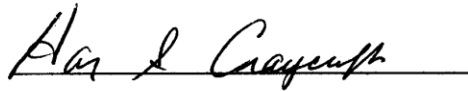
**For The Fiscal Year Ended  
June 30, 2010**



**CERTIFICATION OF COMPLIANCE**  
**LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**  
**MEADE COUNTY FISCAL COURT**

**For The Fiscal Year Ended June 30, 2010**

The Meade County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

A handwritten signature in cursive script, appearing to read "Alan L. Craycraft", is written over a horizontal line.

County Judge/Executive

A handwritten signature in cursive script, appearing to read "Philip H. Clark", is written over a horizontal line.

County Treasurer

